

CPP ANNUAL USE OF CAPITAL SURVEY - 2010



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Banner County Ban Corporation - Banner County Bank

Point of Contact:	Roger Wynne	RSSD: (For Bank Holding Companies)	1067028
UST Sequence Number:	572	Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	795,000	FDIC Certificate Number: (For Depository Institutions)	19274
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	February 06, 2009	City:	Harrisburg
Date Repaid ¹ :	N/A	State:	Nebraska

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).

☒ **Increase lending or reduce lending less than otherwise would have occurred.**

Strong loan demand continued in 2010. The extra capital, increasing the lending limit, allowed the bank to fund larger credits without the need of participants and undue leveraging of the capital position of the bank.

☒ **To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).**

Banner County Bank is primarily an agricultural based bank. A large portion of our portfolio is agricultural real estate. Some commercial small business loans are also included in the portfolio.

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☐ Increase securities purchased (ABS, MBS, etc.).

☐ Make other investments.

☐ Increase reserves for non-performing assets.

☒ Reduce borrowings.

A reduced amount of borrowings was necessary for the purchase and assumption of First State Bank of Beaver City, Nebraska. See below

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☐ Increase charge-offs.

☒ Purchase another financial institution or purchase assets from another financial institution.

Banner County Bank began negotiations to purchase certain assets and assume certain liabilities of the First State Bank of Beaver City, Nebraska in June of 2010. The closing of the acquisition was completed March 4, 2011. The CPP funding was utilized as capital needed for the purchase.

☐ Held as non-leveraged increase to total capital.

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What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

The raising of capital thru investor input to cover the strong growth of the bank.

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What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

The purchase and assumption of the First State Bank of Beaver City, Nebraska without increased borrowings to strengthen the capital position of the bank.

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Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.